

# Overview of Draft DLA-FERROCHROMIUM-004

**Basic Ordering Agreement (BOA) for Low  
and/or High Carbon Ferrochromium**



**Industry Meeting on DNSC Sales of Ferrochromium**

# DETAILS OF BOA

## By Section

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# High and Low Carbon Ferrochromium

- ◆ **Solicitation: DLA-FERROCHROMIUM-004**
- ◆ **Sales Format: Basic Ordering Agreement (BOA)**
- ◆ **Sales/Offerings: Depending on market dynamics**
- ◆ **Material offered by commodity/form/quality**
- ◆ **FY 2002 AMP: 150,000 ST - Remaining Balance is 147,098 ST**

# Comparison of Current versus New Sales Approach for High and Low Carbon Ferrochromium

## Current Approach

- ◆ Multiple negotiations of price and terms under multiple negotiated contracts
- ◆ Less frequent offerings for more quantity
- ◆ Time-driven process preventing rapid response to customers' needs

## New Approach

- ◆ Single negotiation of terms under single negotiation for multiple contracts (BOA) (more efficient)
- ◆ Opportunity to change price (but not terms) under multiple offerings (market driven) for multiple contracts
- ◆ More offerings for less quantity (market driven)
- ◆ Rapid response to customers' needs (win/win for Contractor and Government)

# Section A- Agreement/ Contract Form

- ◆ Agreement/Contract Form: an executed copy of the Basic Ordering Agreement and the Quote/Award Form *together* will constitute a contract
- ◆ Material Description:  
Low or High Carbon Ferrochromium

# Section B - Qualifying to Quote

- ◆ Companies may register and qualify under the BOA at any time
- ◆ Submittals to register and qualify under BOA:
  - ◆ Applicants must read and agree to conform to the terms and conditions of the Basic Ordering Agreement by completing pertinent sections of the BOA cover sheet (any exceptions to terms must be identified during the pre-qualification phase so that the only remaining issue is the price to quote)
  - ◆ Complete Identifications I.5 through I.7 (Certifications under I.3 and I.4 are performed under the Quote process)
- ◆ Government will review submittals
  - ◆ Government will execute BOA and return copy to applicant

# Section B - Qualifying to Quote

- ◆ All Applicants must submit the following:
  - ◆ Income statement and balance sheet
  - ◆ References for financial responsibility
- ◆ In addition, the Government may obtain a copy of Dun & Bradstreet Report and evaluate past performance (if applicable)

# Section B - Qualifying to Quote

- ◆ Based on financial strength of company, determination will be made on the financial exposure limit extended to a company and acceptability of any payment terms proposed in the offer (*If you request payment terms, the expectation is that the unit value quoted would be higher.*)
- ◆ Notification will be forwarded to Applicant by letter within ten working days



# Section B - Qualifying to Quote

- ◆ Re-evaluation of submittal documents and financial information may be required periodically
- ◆ Identifications under I.5 through I.7 must be updated annually or when conditions change
- ◆ Certifications related to Debarment and Independent Pricing is re-confirmed on the I.1 Quote/Award Form for each quote

# Section C - Quotes

## Sales Procedures

- ◆ A listing of material available for sale will be posted on the DNSC website  
<https://www.dnsc.dla.mil> by 11:30 a.m., local time, Ft. Belvoir, VA
- ◆ Contacts for problems accessing website:
  - ◆ Alicia Turrentine - (703) 767-6515
  - ◆ James Jenkins - (703) 767-6529
- ◆ Contacts for Contractual Issues:
  - ◆ Rossell Beckett - (703) 767-5402
  - ◆ Martha Hochberg - (703) 767-5503

# Section C - Quotes

- ◆ Quotes shall be submitted on I.1 Quote/Award Form in the manner shown (identifying the publication, market indicator, and +/- % Premium/Discount)
- ◆ Quotes must be faxed and **received by 1:30 p.m.**, local time, Ft. Belvoir, VA at (703) 767-5541 on the **date specified in the web notice** (Current 3 hour timeframe for submission of quote to be revised; need input of your reaction time - *issue for open discussion*)
- ◆ Contracts will be awarded within the range of time agreed upon (Current 24 hour timeframe is going to be revised *issue for open discussion*)

# Section C - Quotes

- ◆ **Evaluation of Quotes**
  - ◆ Price and price alone
  - ◆ Must have completed BOA package prior to quoting (**agreement must be in place**)
- ◆ **Contract Award (BOA and I.1)**
  - ◆ I.1 Quote/Award Form - signed by Contracting Officer in the Award section

# Section D - Payment

## ◆ Cash and Carry

- ◆ Payment before shipment
- ◆ Shipment before contract expiration date

## ◆ Payment Terms

- ◆ Must be pre-approved (*pre-qualification process under Section B*)
- ◆ Within 30 days from Government receipt of current, accurate, and complete Shipping Instructions

# Section D - Payment

- ◆ DNSC will monitor payment terms. If contractor has delinquent account, *no material will be shipped until all delinquent charges are paid.*)

- ◆ Set-off of Funds

- ◆ All monies received by the Government may be used to satisfy any outstanding Contractor Debt

# Section E- Inspection/Removal

## ◆ Inspection

- ◆ At Contractor's expense
- ◆ Sampling of material is *recommended*
- ◆ Requests for appointment in writing ten working days prior to inspection date to point of contact in Section J.2 Storage Locations

# Section E- Inspection/Removal

## ◆ Removal

- ◆ 30, 60, or 90 calendar days from contract award (depending upon award quantity-see E.1) (*issue for open discussion*)
- ◆ If contractor fails to remove material within contract period, storage charges will be assessed and will negatively impact performance evaluation



# Section F - Shipping

## Request for Shipment

- ◆ **J.3 Shipping Instructions** must be sent/faxed to the Contracting Officer to initiate release of material
- ◆ **Five** working days prior to date of shipment commercial bills of lading must be provided to the depot (Revision to Section F.1 in process)
- ◆ No material will be shipped until all delinquent charges are paid (See F.1a.)

# Section F - Shipping

## Weight Discrepancy for Drummed Material

- ◆ If net weight varies by more than one-half of one percent, must give notice to Contracting Officer within 48 hours (or 2 working days) after receipt of material
- ◆ Material must be segregated
- ◆ Government representative will witness re-weighing at contractor's expense
- ◆ If after re-weighing net weight varies by one-fourth of one percent, that weight shall govern for payment purposes

# Section G - Contract Administration

## ◆ Amendments and Modifications

- ◆ Shall be in writing and signed by Contracting Officer (Notify the Contracting Officer immediately when performance problems are anticipated and mitigate your damages. The minimum administrative fee for a modification to a contract is \$1,500.)

## ◆ Title

- ◆ Title of material passes to buyer upon payment or shipment of material, whichever occurs first

# **ELECTRONIC BULLETIN BOARD**

**<https://www.dnsc.dla.mil>**

- ◆ Participants will be able to access Ferrochromium sales information from DNSC Home Page
- ◆ DNSC Home Page is currently undergoing revisions to add separate Ferrochromium web access
- ◆ By the time Ferrochromium sales are underway, changes should be completed
- ◆ Quote/Award Form (I.1) will be available as part of Ferrochromium Bulletin Board

# ELECTRONIC BULLETIN BOARD

**<https://www.dnsc.dla.mil>**

- ◆ Quote/Award Form will not be interactive, only printable
- ◆ The following areas will be updated as required on the Ferrochromium Bulletin Board:
  - ◆ Date of Material Offering
  - ◆ Telephone number of POC (for questions)
  - ◆ Item(s) Offered (corresponds to sales material from Shopping List in the BOA or Amendments)
  - ◆ Date and Time set for submitting quotes

***Note: Quality of the Material offered will be published in Section J.1 Analyses***

# OPEN DISCUSSION

- ◆ Is posting time agreeable?
- ◆ Do you have customers that will use this material as is - OR  
- Will you need to size, re-process/re-work the material?
- ◆ What is the amount of time required to complete the sampling process?
- ◆ What is your minimum/maximum quantity that is economically feasible to buy per day, per month?
- ◆ What is your minimum response time for the Government to accept your offer? (e.g. range of days such as from 3 to 5 business days depending on day of week)
- ◆ What is the maximum time for consideration by the Government of the offer?

# **The Ferrochromium Team thanks you for your attendance and participation!**

- ◆ Martha Hochberg- Contracting Officer, (703) 767-5503  
martha\_hochberg@hq.dla.mil
- ◆ Rossell Beckett - Contract Specialist, (703) 767-5402  
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- ◆ Mike Pecullan - Quality Assurance Specialist, (703) 767-7620  
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## **Consolidated Comments from Industry Regarding Particular Issues/Terms of the Basic Ordering Agreement (BOA)**

### **1. Minimum/Maximum Quantity Offered**

- 1,000 to 1,500 ST per month
- 500 to 2,000 ST per month
- Min of 300 ST per month to match Section F.1
- LCFeCr with 0.05% Carbon (C)- min 500 ST per month
- LCFeCr with 0.10% C- min 1,000 ST per month
- HCFeCr – 8,000 to 12,000 ST per month
- Min should be a single line item (several customers)
- Annual max for LCFeCr with 0.05% C – 8,000 ST
- Annual max for LCFeCr with 0.10% C – 16,000 ST

**Note:** The Government intends to continuously monitor the market and offer based upon demand **from zero quantity to 12,000 ST** per month per fiscal year. That 12,000 ST would be broken out as follows: 0.05% Carbon - up to 500 ST per month; 0.10% Carbon – up to 1,500 ST per month; (combined 0.05% and 0.10% up to 2,000 ST per month or 24,000 ST annually) and High Carbon –up to 10,000 ST per month with a maximum of 60,000 ST annually. This is a **tentative** plan, always subject to change based upon operational concerns or the market.

### **2. Allotted time to quote to a posted offering**

- 72 hours
- 48 hours
- 24 hours (several customers)
- If posted by 2 PM, then quote by 10 AM the following day

**Note:** The allotted time to submit a quote after an offering is posted to the web will be 24 hours.

### **3. Allotted time for DLA/DNSC to accept the quote**

- 48 hours
- 24 hours (several customers)

**Note:** The Government will determine to award or not award a contract based upon quotes received within two business days of the time set for closing of the quote process.



#### 4. Removal Periods

- If an unmanned location, consider 120 calendar days instead of 90 calendar days.
- If DLA/DNSC offers more than 3,000 ST, consider longer removal period and formula pricing.
- If DLA/DNSC has a few offerings for larger quantities, consider 360 calendar days for removal and a formula price.
- For piles:
  - Up to 500 ST, then 30 calendar days
  - >500 up to 1,000 ST, then 45 calendar days
  - >1,000 up to 2,000 ST, then 90 calendar days
- For Drums:
  - Up to 1,000,000 LB, then 30 calendar days
  - >1,000,000 up to 2,000,000 LB, then 45 calendar days
  - >2,000,000 up to 4,000,000 LB, then 90 calendar days

**Note:** Removal periods indicated in the BOA are determined operationally sound. However, should an offeror desire an exception, such terms can be negotiated and factored for cost impact to the Government.

#### 5. Shopping List

- 30 day notice of any change/addition to shopping list (to allow for sampling/testing)

**Note:** Shopping List for Low Carbon has been modified and Shopping List for High Carbon has been added. (See Section I.2) Shopping Lists remain valid until exhausted through the sales process. The **tentative** plan for postings/offerings of Low Carbon is: offer item 9 (0.05%); offer items 3 and 6 first and then item 5 (0.10%). Once the market dictates, the **tentative** plan for postings/offerings of High Carbon is by item number order

#### 6. Payment Terms

- Recommend the clock begin on the day of shipping

**Note:** Payment terms must begin on the same day a payment would have been received if there had been no payment terms.

## 7. Frequency of Offerings

- Monthly on the same day (i.e. 1<sup>st</sup> Monday, 3<sup>rd</sup> Wednesday, etc.)
- For LCFer- Offer 500 ST of 0.05% Carbon and 1,000 ST of 0.10% Carbon on a monthly basis.
- Monthly on a set date for a specific tonnage which is reflective of the US market.

**Note:** See notes under issues 1-3 above.

## 8. Pricing

- Fixed if no more than 30 calendar days for removal and formula if more than 30 calendar day removal period
- Fixed up to 120 calendar days
- No point to market indicators—fixed price and the “numbers would talk.”
- “Pleased that DNSC is moving toward fixed pricing instead of formula pricing.”
- Carbon test results often can vary by 10-20%. Add terms that “require a purchaser to show the results of all sampling and analyses and that the average be used for final settlement.”

**Note:** The Government will offer up to specific maximum quantities each month on a fixed price basis with award quantities determining the removal periods from 30 to 90 calendar days. Any negotiated and accepted terms for price adjustment will be evaluated on the worst case basis in determining the highest acceptable offer for award.

## 9. Minimum Guaranteed Loading Rate

- Suggest terms be added to provide a guaranteed loading rate with adjustments for inclement weather, holidays, and days when the depot is unavailable when another customer is loading
- Tolerate delayed removal as long as the customer pays for material on time and reimburses the extra storage charges.

**Notes:** Under DNSC contracts, removal periods are extended for delays that are not the fault or negligence of the Contractor.

See the Section entitled **Excusable Delays**. Also under DNSC contracts, Contracting Officers work with customers on a case by case basis to accept delays in removal of material; consideration is given to impact to vacating a depot or impact to Operations at the depot.